

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-08 CIAE-00 INR-07 NSAE-00
TRSE-00 OMB-01 OPIC-03 L-03 H-01 AID-05 SEC-01
/052 W

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FM AMEMBASSY MANAMA BAHRAIN
TO SECSTATE WASHINGTON DC 4493
USDOC WASHINGTON DC
INFO AMEMBASSY ATHENS GREECE
AMCONSUL DHAHRAN SAUDI ARABIA
AMEMBASSY DOHA QATAR
AMEMBASSY JIDDA SAUDI ARABIA
AMEMBASSY KUWAIT KUWAIT
AMEMBASSY MUSCAT OMAN

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ATHENS FOR RTDO

E.O. 11652: N/A

TAGS : BEXP, ETRD, XF

SUBJECT : LOCAL AGENTS AND U.S. CONFLICT OF INTEREST REGULATIONS

REF : MUSCAT 581

1. WE HAVE YET TO HEAR OF CASE PRECISELY LIKE THAT DESCRIBED
REFTEL, THOUGH A VARIATION ON THE THEME IS PRESENT IN CASE
OUTLINED BELOW. IN BAHRAIN, AS IN OTHER STATES OF AREA,
WHAT WE CALL CONFLICT OF INTEREST IS NORMAL LOCAL BUSINESS
PRACTICE. TANGLED WEB OF RELATIONSHIPS BETWEEN RULING FAMILY,
GOVERNMENT OFFICIALS, MERCHANT CLANS, AND FOREIGN FIRMS IS BOUND
TO LEAD TO SOME LOST BUSINESS IN FUTURE IF USG MAINTAINS PRESENT
INTERPRETATIONS OF REGULATIONS AS DESCRIBED REFTL. AMERICAN
FIRMS HERE ALREADY INVOLVED, EITHER DIRECTLY OR THROUGH TRANS-
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PARENT FRONT MEN, WITH, FOR EXAMPLES, PRIME MINISTER AND HEIR
APPARENT. ABILITY OF AMERICAN FIRMS TO DO BUSINESS IN BAHRAIN
IS BOUND TO SUFFER AS RESULT UNCERTAINTIES RELATING TO
CONFLICT OF INTEREST REGULATIONS, PROSPECTS OF CONFRONTATIONAL
ANTI-BOYCOTT LEGISLATION, AND IMPACT OF AMENDED TAX LAW.

2. UNDER WHAT WE UNDERSTAND ARE NEW SEC REGULATIONS, QUESTION

OF AGENT'S FEES IS BECOMING A PROBLEM. LOCALLY, FOR EXAMPLE
ON GOVERNMENT TENDERS, AGENTS MUST PRESENT TO THE GOVERNMENT
ONE BID FOR THE TOTAL COST OF WHAT IS BEING PURCHASED. THIS
SUM IS ASSUMED LOCALLY TO INCLUDE THE AGENT'S FEES. WE UNDER-
STAND FROM AN AMERICAN FIRM SPECIALIZING IN HOSPITAL EQUIPMENT
THAT IT IS NOW BARRED FROM INCLUDING THE AGENT'S FEES IN ITS
TENDER BID BECAUSE OF THE "QUESTIONABLE PAYMENTS" PROBLEM
UNDER US LAW OR SEC REGULATION. THEY HAVE ADVISED THEIR
LOCAL AGENT TO SUBMIT THEIR BID PLUS, SEPARATELY, HIS BILL
FOR SERVICES RENDERED TO THE GOVERNMENT COMMITTEE ASSESSING THE
TENDERS. THIS WAS NOT ACCEPTABLE; THE AGENT HAS INFORMED THE
AMERICAN FIRM THAT HE CANNOT REPRESENT THEM ON THIS BASIS
AND WILL LOOK TO OTHER COUNTRIES OF SUPPLY. INTERESTINGLY,
ACCORDING TO THE AMERICAN FIRM, THE AGREED-UPON COMMISSION
FOR THE AGENT IN THIS CASE WAS TWENTY PERCENT OF THE TOTAL BID.

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 12-Apr-1977 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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